



El Segundo
2022 Phase 1 Bond Release



El Segundo Mine
PO BOX 757
22 Miles N. on HWY 509
Grants, NM 87020
505-285-3000
505-285-3084

August 10, 2022

Mr. James Smith
Program Manager
Coal Mine Reclamation Program
New Mexico Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Permit No. 2020-01
Phase 1 Bond Release Application ES 2022:

Dear Mr. Smith:

Pursuant to 19.8.14.1412 NMAC, enclosed for MMD review and approval is the application for a Phase 1 bond release for completion of final backfilling, grading and approved final surface configuration within approved drainage control. El Segundo Mine permit areas are labeled 56-61 totaling 329 acres, which equates to 4.51% of the 7,293 disturbed acres or 1.99% of the 16,559 permitted acres as described in this application. Backfilling and grading have been completed in these areas, and no ungraded spoil or open pits remain. This bond release application does include a request for a reduction in \$788,001.06 actual bond monies posted.

One hard copy and an electronic copy of this application and all exhibits and plates are enclosed with this cover letter. If you have any questions, please feel free to contact me at (505) 285-3076.

Sincerely,

A handwritten signature in black ink that reads "Naudica Yon". The signature is written in a cursive, flowing style.

Naudica Yon
Environmental Engineer
w/encl

**Peabody Natural Resources Company
El Segundo Mine
Application for Phase 1 Bond Release
August 10, 2022**

Introduction

This document constitutes Peabody Natural Resources Company's application for a Phase 1 bond release for backfilled and graded areas at the El Segundo Mine labeled as Areas 56-61 (329 acres) described in this application and shown on Exhibit 1. Areas 1-61 (3,591 acres) have previously been submitted under a Phase 1 bond release application in 2022. Backfilling and grading have been completed in these previously mined areas and the work has been documented and reported in annual reports to the Mining and Minerals Division (MMD). The postmine topography achieved through backfilling and grading has been documented and included in annual reports to MMD since 2009. This application has been ordered and formatted to follow the requirements of 19.8.14.1412.A, NMAC.

19.8.14.1412 A. (2) (a) Applicant and Permittee

Peabody Natural Resources Company
El Segundo Mine
P.O. Box 757
Grants, NM 87020
Tele: (505) 285-3000
Fax: (505) 285-3084

Permit No. 2020-01

19.8.14.1412 A. (2) (b) Legal Description

The Phase 1 bond release is requested for lands within the El Segundo Mine permit (McKinley County New Mexico). The general legal description of the requested release areas (based on Section, Township and Range as specified in the Bond Release Guideline) is listed below and locations are shown on Plates 1-A (Flight Contour Map) and Plate 1-B (USGS Topography Map) in this application.

The acres associated with the Phase 1 2022 release are within Sections 27, 26, 25, and 36 of T17N R10W in the Orphan Annie Rock. USGS Quad maps; Sections 32, 33 and 34 of T17N, R9W in Laguna Castillo USGS Quad Maps.

19.8.14.1412 A. (2) (c) Location

The El Segundo Mine permit area encompassing the lands requested for Phase 1 release are in McKinley County approximately 35 miles North of Grants, New Mexico. The centroid location of the release area parcels is approximately latitude 35°39'20" N and longitude 107°51'05" W. The areas requested for Phase 1 release are outlined in Plates 1-A (Flight Contour Map) and 1-B (USGS Topography Map).

19.8.14.1412 A. (2) (d) History and Reclamation Summary

The El Segundo Mine began operations in 2006 under Peabody Natural Resources Company. The operation is an open cut surface coal mine recovering several seams of coal. The overburden is removed using a combination of truck, shovel, and dragline stripping methods. Coal has been delivered to regional customers in the southwestern United States. Reclamation operations began in 2012. Upon removal of the coal, the open cut was backfilled primarily with truck hauled spoil, and at times assisted by the dragline. Once sufficient spoil had been backfilled or placed in approved locations, grading to the approved postmine topography is completed. Topsoil or approved soil substitutes is then spread on the regraded surface and seeded with the approved seed mix. Backfilling, grading, topsoiling, and reseeding have been conducted to create a stable landscape in conformance with the approved post-mining contours in the permit. Reclamation procedures support achievement of the postmining land use of livestock grazing. The El Segundo Surface Coal Mine Performance Bond for permit 2020-01 is \$62,223,730.00 to ensure the successful reclamation of disturbance within the 16,559.02-permit area dated July 20, 2020.

The Phase 1 release in this application is being sought for the areas listed below and shown on Plates 1-A (Flight Contour Map) and Plate 1-B (USGS Topography Map). Disturbance and reclamation history for Areas 34-55 are summarized below in Table 1 and have been reported to MMD in Annual Reclamation reports covering the activity years listed. Spoil material has been analyzed for suitability and mitigated with suitable material in cases the soil is unsuitable for spoil material. The results are included in the Annual Report.

Table 1: Phase 1 Bond Release

Area	Acres	Disturbance Years	Final Grading Years	Year Submitted
56	85	2008-2019	2016-2022	2022
57	17	2018-2019	2020-2022	2022
58	81	2016-2019	2021-2022	2022
59	54	2014-2016	2019-2022	2022
60	32	2011-2013	2016-2022	2022
61	60	2014-2016	2019-2022	2022

The Phase 1 release areas were bonded based on the worst-case year in a five-year period under permit 2020-01. This Phase 1 release application includes a requested reduction in the bond for the current operation of \$788,001.06.

The acreages to be released and the portion it represents of the total permit area is as follows:

Table 2: Phase 1 Bond Release

Total Acres Permitted (acres)	16,559
Total Acres Disturbed – June 24, 2022 (acres):	7,293
Acreage to be Released:	
56	85
57	17
58	81
59	54
60	32
61	60
Total Acreage Requested:	329
Percentage of Permitted Acres:	1.99%
Percentage of Disturbed Acres:	4.51%

19.8.14.1412 A. (2) (c) Surface and Mineral Rights

The table included in Appendix 1 contains information on surface and mineral owners in the areas proposed for Phase I bond release. The mineral ownership for the 329-acre bond release area is under Peabody Natural Resources Company and State of New Mexico. The surface ownership for the 329-acres bond release area is Peabody Natural Resources Company, Jerry and Luann Elkins and Fernandez Company listed in Appendix 1.

Addresses are:

**Peabody Natural Resources Company
P.O. Box 757
Grants, New Mexico 87020**

**Jerry and Luann Elkins
P.O. Box 2326
Milan, NM 87021**

**Fernandez Company, Ltd.
Attn: Iona Lee
5000 San Mateo Road
Grants, New Mexico 87020**

19.8.14.1412 A. (2) (f) Notification Letters

Notification letters regarding the Phase 1 release application have been sent to adjoining landowners and local government agencies and utilities in the vicinity of the proposed release areas. These include Jerry and Luann Elkins, Gallo Finance Company, Penn Virginia Resources Partners, Fieldcrest Resources, Fernandez Company, Ltd., the State of New Mexico, New Mexico Gas Company, U.S. West Communications, Continental Divide Electric Cooperative, Public Service Company of New Mexico, City of Grants, Cibola County, McKinley County, Bureau of Land Management, Hopi Tribe, and Navajo Nation. Copies of the notification letters are provided in Appendix 2.

Addresses are:

James Smith
Director, Mining and Minerals Division
1220 South St. Francis Drive
Santa Fe, NM 87505

New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501

New Mexico Gas Company
P.O. Box 97500
Albuquerque, New Mexico 87199

Penn Virginia Resources Partners
7 Sheridan Square, Suite 400
Kingsport, TN 37660

Fieldcrest Resources
5 Radnor Corporate Center, Suite 500
Radnor, PA 19087

U.S. West Communications
400 Tijeras Ave. NW
Albuquerque, NM 87102-3234

Continental Divide Electric Cooperative
P.O. Box 1087
Gallup, New Mexico 87301

Public Service Company of New Mexico
Main Offices
Albuquerque, New Mexico 87020

City of Grants
P.O. Box 879
Grants, New Mexico 87020

Cibola County
700 E Roosevelt
Grants, New Mexico 87020

McKinley County
207 West Hill Street
Gallup, New Mexico 87301

Farmington Field Office
Attn: Bureau of Land Management
6251 College Blvd., Suite A
Farmington, New Mexico 87402

Norman Honie, Jr. (Hopi Tribe)
Director, Office of Mining & Mineral Resources
P.O. Box 123
Kykotsmovi, Arizona 86039

Akhtar Zaman (Navajo Nation)
Manager Minerals Department
P.O. Box 3900
Window Rock, Arizona 86515

Gallo Finance Company
701 Market Street Ste. 713
St. Louis, MI 63101

Fernandez Company, Ltd.
Attn: Iona Lee
5000 San Mateo Road
Grants, New Mexico 87020

Jerry and Luann Elkins
P.O. Box 2326
Milan, NM 87021

19.8.14.1412 A. (2) (g) Other Maps and Information

No other maps are included in this application; however, one can find information for the El Segundo Mine Facilities, Disturbance, Final Grading, Noxious Weed Management, Top Dressed and Seeded, Topsoil Samples, and Spoil Sample Plates from the 2021 Annual Report which can be provided through the Mining and Minerals Division on request.

19.8.14.1412 A. (2) (h) Certification

A notarized certification is enclosed stating that all applicable reclamation activities have been accomplished on the lands contained in this Phase 1 bond release application in accordance with the requirements of the New Mexico Surface Mining Act; Title 19, Chapter 8 of the New Mexico Administrative Code; and the reclamation plan of the approved permit. The certification may be found in Appendix 3.

19.8.14.1412 A. (3) Public Advertisement

A draft public notice is contained in Appendix 4 that addresses the requirements for a public advertisement including the name and address of the director of MMD for written comments, objections, or requests for public hearings and informal conferences. The Public Notice shall be advertised in the Gallup Independent at least once a week for four successive weeks once MMD has advised Peabody Natural Resources Company, El Segundo Mine the application is administratively complete. A copy of the full Phase 1 application will be placed in the McKinley County courthouse in Gallup, New Mexico and the Mother Whiteside Public Library in Grants, New Mexico prior to sending out notification letters and publication of the advertisement.

Appendix 1

Surface and Mineral Rights

<i>El Segundo MINE</i> <i>SURFACE AND COAL OWNERSHIP</i>				
Legal Description	Surface Owner	Coal Owner	Acres Requested for Phase 1 Release	
T17N-R10W Sec. 27: All 640.00	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	85ac	
T17N-R10W Sec. 26: All 640.00	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	2 ac	
T17N-R10W Sec. 25: All 640.00	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	15 ac	
T17N-R10W Sec. 36: All 640.00	State of New Mexico	State of New Mexico	81 ac	
T17N-R9W Sec. 32: All 640.00	Jerry and Luann Elkins	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	54 ac	
T17N-R9W Sec. 33: All 640.00	Jerry and Luann Elkins	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	32 + 14 = 46 ac	
T17N-R9W Sec. 34: All 640.00	Jerry and Luann Elkins	U.S.A.	45 ac	

*Addresses listed in section 19.8.14.1412 A.(2)(e) Surface and Mineral Rights above.

Appendix 2

Notification Letters



El Segundo Mine
PO BOX 757
22 Miles N. on HWY 509
Grants, NM 87020
505-285-3000
505-285-3084

August 10, 2022

El Segundo Bond Release Notification Letter 2022 Permit No 2020-01

To whom it may concern:

Peabody Natural Resources Company has filed an application Phase 1 bond release for completion of backfilling, grading, and approved final surface configuration of land at the El Segundo Mine lands pursuant to Section 19.8.14.1412(A) of the New Mexico Administrative Code (NMAC). The application has been filed with the New Mexico Mining and Minerals Division (MMD) of the Energy, Minerals & Resources Department in Santa Fe, New Mexico. All reclamation activities for Phase 1 bond release were completed in accordance with the New Mexico Surface Mining Act (NMSA) and pursuant to Title 19, Chapter 8 of the NMAC.

El Segundo Mine's headquarters is located 35 miles north of Milan, NM on both sides of State Road 509 with a mailing address at P.O. BOX 757, Grants, NM, 87020. The current permit number for the El Segundo Mine regulated by the State of New Mexico Mining and Minerals Division is 2020-01, which was granted in 2021.

The land for which Phase 1 release is being requested includes 6 units totaling 329-acres located within the eastern and western portions of the El Segundo Mine as described below. The areas total 329-acres, which equates to 4.51% of the 7,293 disturbed acres or 1.99% of the 16,559 permitted acres within the permit portions of the El Segundo mine and described below.

The acres associated with the Phase 1 2022 release are within Sections 27, 26, 25, and 36 of T17N R10W in the Orphan Annie Rock. USGS Quad maps; Sections 32, 33 and 34 of T17N, R9W in Laguna Castillo USGS Quad Maps.

The centroid location of the release area parcels is approximately latitude 35°39'20" N and longitude 107°51'05" W.

Additional details are provided below concerning this application:

Acreage to be released

Total acres permitted:	16,559
Total acres disturbed:	7,293
Total acreage to be released:	329
Percentage of permitted acres requested for Phase 1 release:	1.99%

All reclamation work was completed between the years of 2015 and 2021 Reclamation activities were conducted to create a stable landscape in conformance with the approved post mine topography in the permit and to support the post mining land use of grazing and wildlife habitat.

A copy of the bond release application is available for public inspection at the following locations:

- County Clerk, McKinley County Courthouse, 207 W Hill Ave, Gallup, New Mexico, 87301.
- Mother Whiteside Public Library, 1101 N First St., Grants, New Mexico, 87020.
- Mining and Minerals Division; 1220 South St. Francis Drive, Santa Fe, NM 87505; Contact Name: James Smith, (505) 690-8071. Please note that at this time, the MMD building is closed due to renovation work. The best way to get into contact with James Smith is by telephone.
- www.emnrd.nm.gov

Question regarding this application may be directed towards myself at (505) 285-3076.

Sincerely,

A handwritten signature in cursive script that reads "Naudisa Yon". The signature is written in black ink and is positioned above a thin horizontal line.

Naudica Yon
Environmental Engineer
El Segundo Mine, Peabody Natural Resources Company

C: James Smith (MMD)

Appendix 3

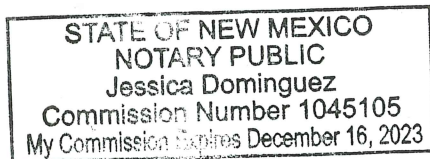
Certification of Application

I certify that all applicable Phase 1 reclamation activities have been accomplished on the lands contained in this Phase 1 bond release application in accordance with the requirements of the New Mexico Surface Mining Act, Title 19, Chapter 8 of the New Mexico Administrative Code, and the reclamation plan of the approved permit.

8-17-2022
Date

Subscribed and sworn to before me, in my presence, this 17th day of August, 2022, a Notary Public in and for the State of New Mexico.

My Commission expires 12/16/2023



Appendix 4

Public Notice

Public Notice

Peabody Natural Resources Company ("PNRC"), PO Box 757, Grants, NM 87020, has filed an application for Phase 1 bond release, completion of final backfilling, grading, and approved final surface configuration, lands within the El Segundo Mine, Permit No. 2020-01 pursuant to the regulations at 19.8. 14.1412(A) NMAC.

The El Segundo Mine, approved as a "5-year term" permit on July 20, 2020 by the Energy and Natural Resources Department, Mining and Minerals Division (MMD), is located in McKinley County approximately 35 miles north of Milan, New Mexico on both sides of State road 509. The El Segundo Surface Coal Mine Performance Bond for permit 2020-01 is \$62,223,730.00 to ensure the successful reclamation of disturbance within the 16,559-permit area dated April 5, 2016. PNRC is requesting a release of \$788,001.06 of the performance bond should this application be approved by the Director of MMD.

Phase 1 of the approved reclamation plan, backfilling, grading, and final surface configuration, was completed on areas included in the application between 2015 and 2021. Backfilling and grading have been conducted to create a stable landscape in conformance with the approved post-mining contours in the permit. Reclamation procedures support achievement of the post-mining land use of livestock grazing. Reclamation results are tracked in Annual Reclamation Reports submitted to MMD. The acres associated with the Phase 1 2022 release are within Sections 27, 26, 25, and 36 of T17N R10W in the Orphan Annie Rock. USGS Quad maps; Sections 32, 33 and 34 of T17N, R9W in Laguna Castillo USGS Quad Maps.

A copy of the Phase 1 bond release application is available for public inspection at the McKinley County Courthouse, County Clerk's Office, 201 W. Hill, Gallup, New Mexico; the Mother Whiteside Public Library, 1101 N First St., Grants, New Mexico; and on the New Mexico Mining Website at www.emnrd.nm.gov. Written comments, objections, or requests for informal conferences must be submitted to the Director of Mining and Minerals Division at Gerard.Schoeppner@state.nm.us or the Coal Mine Reclamation Program Manager of Mining and Minerals Division at JamesR.Smith@state.nm.us, within 30 days after last publication of this notice.

Plates

